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ACTION EUR-00

INFO	LOG-00	NP-00	AID-00	ACQ-00	CIAE-00	SMEC-00	COME-00
	INL-00	DEAE-00	DINT-00	DODE-00	WHA-00	SRPP-00	DS-00
	EB-00	OIGO-00	E-00	UTED-00	VC-00	FRB-00	H-01
	TEDE-00	INR-00	L-00	VCE-00	AC-01	DCP-01	NSAE-00
	NSCE-00	OMB-01	PA-00	PM-00	PRS-00	ACE-00	P-00
	SCT-00	SP-00	IRM-00	SSO-00	SS-00	STR-00	T-00
	USIE-00	FMP-00	PMB-00	DSCC-00	DRL-02	G-00	SAS-00
	SWCI-00	/006W					

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O 300623Z NOV 00
FM AMEMBASSY BERN
TO SECSTATE WASHDC IMMEDIATE 1563
INFO DOJ WASHDC IMMEDIATE
USEU BRUSSELS IMMEDIATE
DEPT OF TREASURY WASHDC IMMEDIATE
OECD POSTS COLLECTIVE
AMEMBASSY LIMA

RELEASED IN FULL

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SENSITIVE

DEPT FOR EUR/AGS AND INL (RINDLER AND MELANCON)
JUSTICE FOR FMLS THEODORE GREENBERG
TREASURY FOR JODIE MEYER AND WILL WECHSLER

E.O. 12958: N/A

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TAGS: SNAR, PREL, EFIN, KCRM, LS, SZ
SUBJECT: POLITICAL/ECONOMIC HIGHLIGHTS: NOV. 29, 2000

SENSITIVE BUT UNCLASSIFIED, HANDLE ACCORDINGLY

- SWISS FREEZE MORE MONTESINOS MONEY
- LIECHTENSTEIN HIRES FINANCIAL INTELLIGENCE UNIT CHIEF
AND EXPANDS FSA
- SWITZERLAND'S NEXT PRESIDENT DISCUSSES PLANS

1. (U) MORE ACCOUNTS RELATED TO MONTESINOS FROZEN:

IN MID NOVEMBER, THE ZURICH AUTHORITIES BLOCKED ANOTHER FIVE
BANK ACCOUNTS WITH TOTAL ASSETS OF SFR. 22 MILLION LINKED TO

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UNITED STATES DEPARTMENT OF STATE
REVIEW AUTHORITY: DONALD A. JOHNSTON
DATE/CASE ID: 3 OCT 2001 200004441

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FORMER PERUVIAN INTELLIGENCE CHIEF VALEDIMIRO MONTESINOS. THE MOST RECENTLY BLOCKED ACCOUNTS DO NOT DIRECTLY BELONG TO MONTESINOS, BUT ARE LINKED TO PAYMENTS FOR PERUVIAN-RUSSIAN ARMS DEALS. THE BANKS INVOLVED ARE FIBI, LEUMI LE-ISRAEL AND CREDIT LYONNAIS (SWITZERLAND). THE PROSECUTOR'S OFFICE CONFIRMED THAT TWO OF THE FIVE NEWLY BLOCKED ACCOUNTS BELONG TO PERUVIAN-BORN ARMS DEALER JAMES ELIOT STONE, WHO IN RECENT YEARS ALLEGEDLY HAD CLOSE CONNECTIONS TO MONTESINOS AND THE TOP BRASS OF THE PERUVIAN ARMED FORCES. THE SWISS HAVE REQUESTED JUDICIAL ASSISTANCE FROM BOTH THE PERUVIAN AND RUSSIAN AUTHORITIES.

IN EARLY NOVEMBER, THE ZURICH PROSECUTOR'S OFFICE FROZE FOUR BANK OTHER MONTESINOS ACCOUNTS. THE BLOCKED ASSETS (ALSO DEPOSITED IN THE ZURICH BRANCHES OF THE BANKS FIBI, LEUMI LE-ISRAEL, AND CREDIT AGRICOLE INDOSUEZ) TOTALED APPROXIMATELY SFR. 48 MILLION. ACCORDING TO THE PROSECUTOR'S OFFICE, THE
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FROZEN ASSETS MOSTLY COME FROM COMMISSION PAYMENTS FOR ARMS DEALS BETWEEN RUSSIA AND PERU.

2. (U) LIECHTENSTEIN HIRES FINANCIAL INTELLIGENCE UNIT CHIEF; EXPANDS FINANCIAL SERVICE AUTHORITY:

THE LIECHTENSTEIN PARLIAMENT FORMALLY APPROVED NOVEMBER 28 THE HIRING OF MICHAEL LAUBER, FORMER HEAD OF SWISS FEDERAL POLICE OFFICE FOR CRIMINAL ANALYSIS AND ORGANIZED CRIME ISSUES, TO HEAD UP LIECHTENSTEIN'S FINANCIAL INTELLIGENCE UNIT(FIU). THE GOL JUSTICE DEPARTMENT CONFIRMED TO EMBASSY THAT LAUBER WILL ASSUME HIS DUTIES DECEMBER 11 AND HAS BEEN GIVEN AUTHORITY TO HIRE "WHOMEVER HE WANTS" TO FILL THREE ADDITIONAL POSITIONS IN THE FIU.

IN THE SAME PARLIAMENTARY SESSION, THE GOL AUTHORIZED THE HIRING OF THREE PERSONS TO STAFF A NEW "COMPLIANCE/DUE DILIGENCE" DIVISION WITHIN THE FINANCIAL SERVICES AUTHORITY (FSA). BOTH OFFICES WILL BE TEMPORARILY HOUSED WITH THE LIECHTENSTEIN POLICE. ACCORDING TO PM MARIO FRICK, "WITH THE ESTABLISHMENT OF THE FIU AND THE CREATION OF THE DUE DILIGENCE DIVISION WITHIN THE FSA, THE GOVERNMENT HAS CREATED THE NECESSARY PREREQUISITES FOR THE SMOOTH AND EFFICIENT IMPLEMENTATION OF THE NEW DUE DILIGENCE LAW. THE PURPOSE OF THE FIU IS TO ANTICIPATE DEVELOPMENTS, TO ANALYZE EVENTS, THEREBY HELPING TO DETER AND COMBAT MONEY LAUNDERING THROUGH COOPERATION AMONG DOMESTIC AND FOREIGN FIUS."

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3. (SBU) SWITZERLAND'S NEXT PRESIDENT

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TRANSPORT MINISTER LEUNBERGER TOLD THE AMBASSADOR NOVEMBER
28 THAT HE PLANS TO CONTINUE PRESIDENT OGI'S AGENDA OF
FREQUENT FOREIGN TRAVEL WHEN HE SUCCEEDS OGI AS PRESIDENT IN
EARLY DECEMBER. LEUNBERGER SEES THESE VISITS AS A USEFUL
SYMBOL OF SWITZERLAND'S INCREASED FOREIGN ENGAGEMENT.
HOWEVER, LEUNBERGER STRESSED THAT THE MAJOR REFORMS
UNDERWAY IN THE AGENCIES UNDER HIS AUTHORITY, INCLUDING
TRANSPORTATION, POSTAL SYSTEM, ENVIRONMENT AND
COMMUNICATIONS, WILL LIKELY PREVENT PURSUING THE VERY ACTIVE
FOREIGN VISIT SCHEDULE PURSUED BY OGI. TO ILLUSTRATE THESE
CHALLENGES, LEUNBERGER SAID HIS GOAL OF PRIVATIZING A
LARGER PERCENTAGE OF SWISSCOM'S SHARES FACES INCREASING
OPPOSITION FROM THE CENTRIST AND RIGHT PARTIES - INSTEAD OF
ONLY FROM WITHIN THE RANKS OF HIS OWN SOCIALIST PARTY.
LEUNBERGER SAID FACTIONS IN THESE PARTIES NOW ARGUE THAT
THE SALE OF SIGNIFICANT SWISSCOM SHARES CREATES A RISK FOR
SWITZERLAND'S NATIONAL SECURITY IN AN EMERGENCY. HE VIEWED
THIS ARGUMENT AS PARTLY A TACTICAL MEANS OF SIMPLY EXERTING
POLITICAL INFLUENCE ON THE PRIVATIZATION PROCESS -- BUT THE
DEVELOPMENT WOULD MAKE IT MORE DIFFICULT TO MOVE ON THE
SWISSCOM PRIVATIZATION ISSUE.
FREDERICKS

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